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S E C R E T SECTION 01 OF 02 DOHA 000743

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TAGS: [PREL](#) [EFIN](#) [ECON](#) [QA](#) [SU](#) [IR](#)
SUBJECT: QATAR PRIME MINISTER SKETCHES DARFUR STRATEGY;
COMMENTS ON FINANCIAL CRISIS AND IRAN

REF: DOHA 705

Classified By: Ambassador Joseph E. LeBaron, for reasons 1.4 (b, d)

(S) Key Points

-- Prime Minister Hamad bin Jassim al-Thani sketched Qatar's mediation strategy on Darfur during call by Ambassador October 19th; the strategy concludes with a Sudan peace conference organized and conducted like Qatar's peace conference on Lebanon.

-- On the global financial crisis, the Prime Minister said Qatar had increased the reserve requirements on Qatari banks -- but out of precaution rather than need. He said Qatar was not drawing down its financial accounts held outside Qatar, contradicting comments by the Minister of Finance.

-- Turning to Iran, the Prime Minister told Ambassador he was not optimistic that Iran would agree to pursue nuclear energy only for peaceful purposes. In the Prime Minister's view, Iran would continue discussions with the international community only for the sake of buying time for its nuclear weapons program.

(S) Comments

-- Qatar's de facto Foreign Minister, Ahmed bin Abdullah al-Mahmoud, elaborated on Qatar's Sudan strategy in a meeting with P5 Ambassadors on October 22. (see septel).

-- The Qataris appear to be committed to an extended, major diplomatic effort on Sudan. That said, they have no illusion that they will succeed. And they realize the importance of have strong mechanisms in place for close coordination with the United Nations, the African Union, and others.

-- On Iran, the Prime Minister's comments on the nuclear issue reflect Qatar's experienced view of Iran's disingenuousness. But Embassy notes that this view has not stopped Qatar from deepening its dialogue with Iran on gas issues. (See septel.)

END KEY POINTS AND COMMENT.

DARFUR MEDIATION EFFORTS

¶1. (S) Referencing a recent conversation in Washington between NEA A/S David Welch and Qatar's Ambassador to the U.S., Ambassador asked Hamid bin Jassim for Qatar's assessment of the situation in Sudan. Bin Jassim said Qatar would not host a conference in Doha to mediate on the Sudanese conflict just for the sake of holding a conference. Rather, any conference would have to be substantive and achieve real progress. The United States, of course, would be notified before any conference takes place.

¶2. (S) For now, Qatar plans to discuss next moves with members of the Arab League. Returning to a possible conference in Doha down the road, the Prime Minister said all parties would participate in a televised opening ceremony. The mediation to follow, however, would occur outside the spotlight with the aim of narrowing the differences among the parties. Once those differences were sufficiently narrowed -- probably after a number of days -- the parties would hold direct discussions with the goal of finalizing an agreement.

¶3. (S) President Bashir would have to make concessions, asserted al-Thani. Before any conference in Doha could take place, it is vital to schedule a meeting, likely in Libya, between the Presidents of Sudan and Chad. The Prime Minister added that it would be difficult to convince President Deby to meet with his Sudanese counterpart given the huge refugee problem in Chad. But, until these leaders entered into

DOHA 00000743 002 OF 002

dialogue, no forward movement would be possible. Hamid bin Jassim also commented that holding the meeting in Libya is essential. Otherwise, Qadaffi might undertake to spoil the reconciliation process.

¶4. (S) Ambassador asked if Qatar played a role in the recent arrest of a senior leader of the Janjaweed in Sudan, Ali Mohamed Ali Abdel-Rahman. The Prime Minister responded that Qatar had encouraged the arrest as part of its mediation efforts.

STEADY COURSE DESPITE FINANCIAL STORM

¶5. (C) On the financial crisis, the Prime Minister said Qatar had increased the reserve requirements on Qatari banks -- but out of precaution rather than need. The Prime Minister said Qatar was not repatriating any funds from foreign banks overseas. He said the Qatar Investment Authority also was still investing overseas. It had recently increased its stake in Credit Suisse and in the coming days additional investments would be made public. Qatar was making no change in its policies.

¶6. (C) Al-Thani pointed out that Qatar would continue to have its currency (and wealth) tied to the dollar, prompting Ambassador to ask about progress on establishing a common currency for the Gulf Cooperation Council (GCC) states. The Prime Minister said that Qatar supports GCC efforts to adopt a common currency, but that this change would be slow and gradual. In his personal view, it is better not to link a new GCC currency to a basket of international currencies. Rather, he favors the creation of a new GCC currency backed entirely by the region's considerable wealth.

¶7. (C) The Prime Minister cautioned that Qatar's holdings and assets are predominantly priced in dollars, so severing Qatar's currency from the dollar peg would require careful planning, especially given the current deflation in asset prices.

NEED TO EXIT FROM IRANIAN BAZAAR

¶18. (S) Turning to Iran, the Prime Minister told Ambassador he was not optimistic that Iran would agree to pursue nuclear energy only for peaceful purposes. In the PM's view, Iran would continue discussions with the international community only for the sake of buying time for its nuclear weapons program.

¶19. (S) Qatar enjoys good relations with Iran, but that does not mean Qatar is naive. Rather, al-Thani said he takes most of what the Iranians say with a grain of salt. Qatar, he stressed, does not have confidence in Iran but nonetheless must be prudent and maintain open lines of communication because Iran and Qatar share the natural gas reserves which are the source of Qatar's wealth.

¶10. (S) The Prime Minister encouraged the U.S. to change the nature of our approach by turning the tables on Iran and asking the Iranians for what they want from the West. Otherwise, he said, all of us will continue to play into the endless bazaar haggling that so suits Iran.
LeBaron